



CALIFORNIA STATE
ASSOCIATION OF COUNTIES



RURAL COUNTY
REPRESENTATIVES OF
CALIFORNIA



URBAN COUNTIES
OF CALIFORNIA

July 27, 2016

SENATE FLOOR ALERT

AB 1853 (Cooper) – County Employees' Retirement Districts As amended 6/20/16 – OPPOSE Senate Floor

On behalf of the California State Association of Counties (CSAC), the Urban Counties Caucus (UCC) and the Rural County Representatives of California (RCRC) I write to express our opposition to Assembly Bill 1853, by Assembly Member Jim Cooper, which would allow any retirement system under the County Employees Retirement Law of 1937 (CERL) to elect to be independent districts by a simple vote by the Board of Retirement and assume specified responsibilities related to county employees.

Removal of Local Control. Currently, retirement systems operating under CERL retain the ability to modify their operating systems by individually pursuing legislation to establish the different structure. Through this process, a public analysis can be performed of the effects such a change could have and the details of the shift of authority to the retirement system boards. This bill would eliminate a public view or conversation and, perhaps most troubling, requires no notice or resolution of the change by the Boards of Supervisors in those counties that originally adopted an ordinance to create the retirement system.

Administrative Costs. It is without question that such changes in operating structure that include new authority over and responsibilities for employees will result in increased administrative budgets for county retirement systems that opt into a new authority structure. While administrative costs for the retirement systems are capped in statute, nonetheless, a lack of review or oversight by the county Board of Supervisors regarding the hiring, pay and benefits of employees and the increase in system administrative costs that would be incurred by the county is problematic.

Health Care Plan Issues. Many counties contract with health care plans to provide health care benefits to their county personnel. AB 1853 contains a provision which would afford retirement system employees that were employees of the county the opportunity to participate in those county plans "under the same terms and conditions as those programs were available to county employees..." It should be noted that many health plans either do not offer or must approve coverage to those who are not actual employees of the contracting entity. The language of AB 1853 seems to imply that employees transferred to the county retirement systems must be offered coverage under the county plans for health care and other benefits; this could pose major administrative problems for both counties and the employees. Additionally, while AB 1853 does provide that the retirement system will cover the employer cost and "reasonable administrative expenses" for participation in these programs; however, our Associations would note that "reasonable" remains undefined in the legislation and would expose counties to not being fully reimbursed for non-employees participating in their benefit plans.

For these reasons, our associations **OPPOSE AB 1853**. Please do not hesitate to contact Faith Conley (CSAC) at 916.650.8117 with any questions regarding our position.

cc: Honorable Jim Cooper, California State Assembly
Members, California State Senate
Scott Chavez, Senate Republican Caucus